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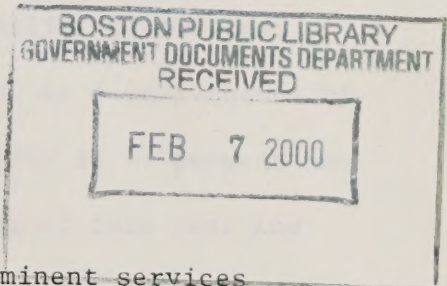
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BALANCED GROWTH

The extraordinary recent and prospective performance of the Boston economy makes possible the achievement of major city goals downtown through balanced growth. Balance signifies very substantial commercial development and job creation, but not all of it downtown. Balance means the thriving residential communities downtown, alongside commercial centers. Balance means air and space and light and amenities and livability along with commercial development and jobs and housing. Balance means taking advantage of the downtown boom and neighborhood revival to spread development and expanding opportunity - neighborhood jobs, training, housing, linkage benefits. In each area, the perspective for achieving important urban goals and Mayoral priorities through balanced growth is outstanding.

Commercial Development

Boston's emergence as the Nation's most preeminent services activity center, with specializations in those communications, finance, and business and professional services expanding most rapidly nationally, looks well for the future outlook for jobs and development. For almost a decade now Boston has excelled in employment growth with a gain of 77,000 jobs accommodated by \$4.4 billion of private development project completions (all measured in dollars at 1984 prices), 15 million square feet of new, rehabbed and converted office space, 2.4 million square feet of retail space, and 6,088 new and renovated hotel rooms. As a consequence, Boston's unemployment rate, at 4.3 percent (in March 1985), was the lowest in more than 15 years, and



those for the metro area and New England region were the lowest of the Nation's 300+ metro areas and 9 regions, respectively.

Among the Nation's large cities, Boston also excels with the lowest office vacancy rate and the highest share of employment in services activities and in services export.

In 1984, Boston far exceeded the rate of growth and development experience of the 1976-84 years, in employment gains, development construction, and tax revenue from development. Boston's employment gain of 17,000 in 1984 was almost twice the annual average gain in the 1976-84 period, and development construction completions were twice the post-1976 average. Private development office project completions of 3.6 million square feet, and the absorption of 3.2 million square feet, compare with the post-1976 average of 1.3 million. As a consequence of the strong demand, office vacancies, which had risen to 11 percent in Spring 1985, are expected to decline in the course of this year and next. Hotel occupancy rose to a healthy 70 percent even as 1,145 new hotel rooms came on to the market.

Virtually all of the principal commercial development completed since 1976 was downtown, however. The same is the case for development underway, scheduled, and approved for completion in the 1985-89 period, including 6 million square feet of office space (but excluding an office building conversion at the Charlestown Navy Yard and a new office building in South End), 480 hotel rooms, and 400,000 square feet of retail space.

For the new era of development planning, in contrast, focusing on the 1990-year 2000 period, development can and will be balanced, thereby sparing downtown from Manhattanization, while extending opportunity to peripheral areas and revitalizing neighborhoods. Downtown downzoning as well as private market initiatives will combine to achieve this goal.

In the case of the 13+ million square feet of office space that would be required to accommodate projected employment growth in the last decade of the century, office development proposals on hand for downtown periphery and revitalizing neighborhood areas already sum up to 6 million square feet of office space. These include project proposals for the North Station and South Station, Fort Point Channel, Dudley, East Boston, and the Charlestown Navy Yard. Consequently, Boston can achieve ambitions office development and job goals, to the year 2000, while confining downtown commercial development to the Bedford Crescent-Essex Street corridor and the turnpike air rights, for the most part, in the 1990-2000 period.

Downtown as a Thriving Expanding Residential Community

Downtown is already a thriving expanding residential community and proposed downtown downzoning plus housing development bonuses would signify even more rapid residential growth thereby balancing Downtown's role as the principal office, retail, hotel, entertainment, cultural and government center of New England.

While Boston as a whole lost population in the 1970-80 decade,

Downtown (including the Central Area and Back Bay and Beacon Hill, but excluding the North End and the Waterfront) gained population, rising from 39,000 in 1970 to 44,000 in 1980, a rise of 13 percent, reflecting the influx of young baby boom households attracted by Boston's jobs and amenities. Households and housing rose even more rapidly, by 17 percent and 14 percent, respectively, with declining household size and new construction and conversions.

When estimates for 1985 are included, Downtown's 1970-85 growth totaled 23 percent for population, 30 percent for households and 27 percent for housing, raising their levels to 47,000, 26,000 and 28,000, respectively.

Housing demand is high in Boston, and even higher downtown. Housing price increases in the Boston Metro Area in 1984 were the highest of 37 areas compared by the National Association of Realtors. Within Boston, housing values have risen most rapidly downtown. To help meet this demand, a recently completed study suggested a potential for the creation of 3,000 dwelling units downtown, utilizing vacant parcels and converting and reusing structures in poor condition, while respecting prevailing land use and height patterns. With these same criteria, an estimated potential of an additional 8,000 dwellings on the periphery of downtown was also identified. With downtown downzoning and housing development bonuses, even more housing could be built downtown. A potential one-third growth in downtown population, to 63,000, by the year 2000, is projected, greatly broadening the perspective for balanced commercial-residential development and helping to meet Boston's need for housing.

Balancing Development with Livability

The proposed downtown downzoning taken together with inducements and market interest to spread commercial development to peripheral areas and revitalizing neighborhoods, and the burgeoning role of downtown as a residential community, augur well for the potential for advancing downtown amenities, livability, light, air and the amelioration of traffic congestion. As noted, under the proposed new regulations, 95 percent of downtown would be downzoned. The end result would be the long sought goal of balance in commercial development, a growing residential community, and expanding livability and amenities.

Spreading Development to Revitalizing Neighborhoods

Boston's economic potential and downtown boom come at a time when the tide has turned in Boston's lagging neighborhoods. Balancing growth between "downtown" and "neighborhoods" will play a key role in achieving city-wide and neighborhood goals. Fortunately, market forces will provide an important complementary assist in the achievement of these goals for downtown planning.

A new era of growth as a residential community as well as an expanding commercial development center is on the horizon for Boston's formerly lagging neighborhoods which are already in the early stages of revitalization. A conflux of factors are involved. Tax assessment revaluation and classification has greatly reduced property tax inequities, thereby bringing incentives (where there were disincentives)

for housing fix-up and ownership. The 1950's, 1960's and 1970's loss of the industrial job base is behind, and a new economic base is emerging. The outflow of blue-collar workers and their families is behind, and young adults are flocking to Boston. The housing market is reviving all over the city demonstrating the turn in the tide. Boston's revitalizing neighborhoods are ripe for expanding opportunity - jobs, job training, residential improvement and commercial development. Downtown development, with its spinoff of the newly proposed linkage fees, housing, special initiatives, development bonuses, and linked development would make up the principal policy tools for achieving balance in downtown and neighborhood growth. Over and above these measures, a mainly market driven balance between downtown and neighborhood development could readily be induced with downtown planning.

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